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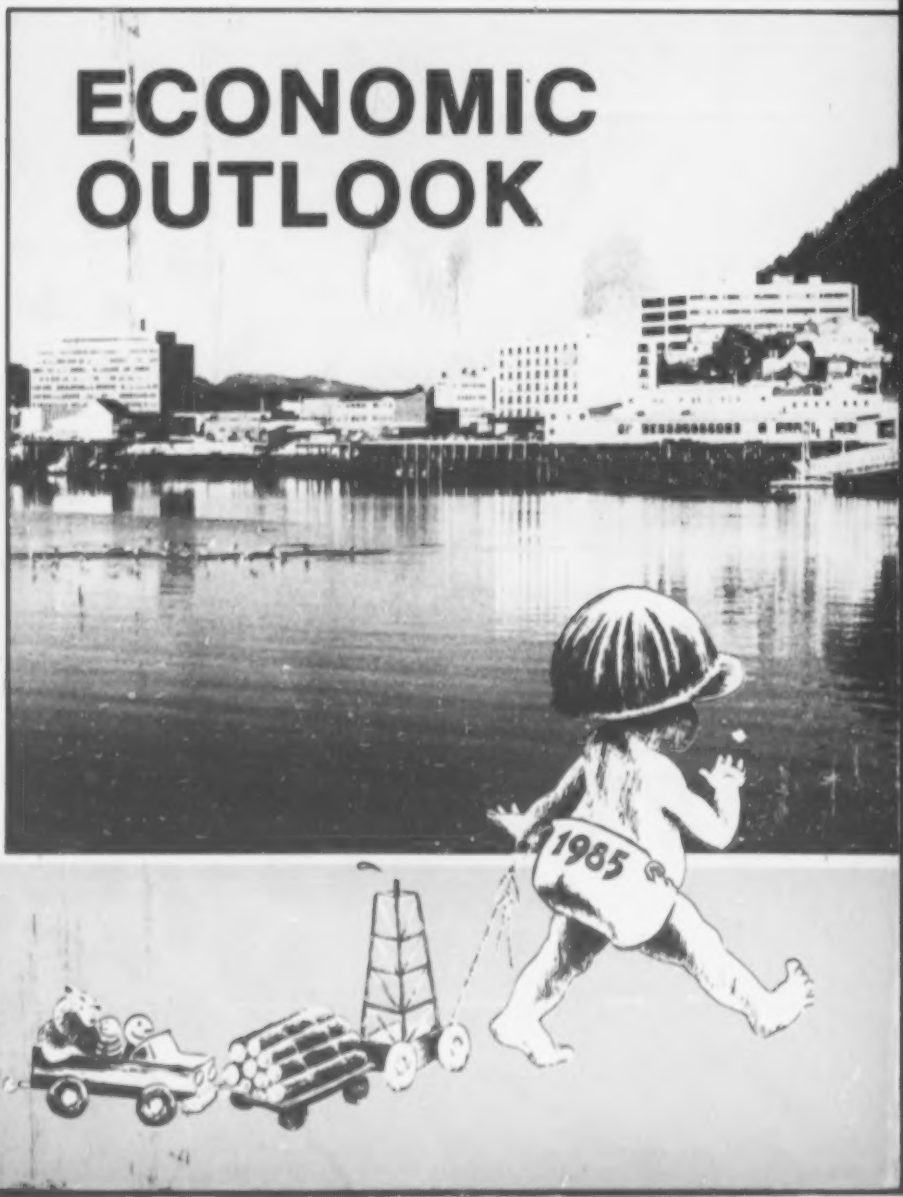
JANUARY 1985

ALASKA ECONOMIC TRENDS

Alaska Department of Labor Bill Sheffield, Governor, State of Alaska

ECONOMIC OUTLOOK



ALASKA ECONOMIC TRENDS

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ALASKA
HOURS AND EARNINGS
FOR
SELECTED INDUSTRIES 1/ 2/

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	p/ 9/84	r/ 8/84	9/83	p/ 9/84	r/ 8/84	9/83	p/ 9/84	r/ 8/84	9/83
Mining	$23.36	$23.04	$24.01	50.4	52.2	52.0	$1177.34	$1202.69	$1248.52
Contract Construction	24.58	24.40	24.24	45.7	45.6	45.2	1114.17	1112.64	1095.65
Manufacturing	12.60	10.56	15.48	31.8	47.5	32.9	400.68	501.60	443.49
Food & Kindred Products	8.26	8.48	9.35	27.6	49.8	27.5	227.98	422.30	257.13
Lumber & Paper Products	16.86	15.99	17.21	36.2	40.8	39.6	610.33	652.39	681.52
Trans. Comm. & Utilities	15.78	15.86	16.80	38.6	39.6	37.5	609.11	628.06	630.00
Trade	10.97	10.74	10.29	35.1	35.9	34.3	385.05	385.57	352.95
Wholesale	13.42	13.33	12.44	39.2	38.1	36.5	526.06	507.87	454.06
Retail	9.94	9.70	9.41	33.6	35.1	33.5	333.98	340.47	315.24
Fin.-Insurance & R. Estate	—	—	—	—	—	—	389.39	367.18	326.99

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

2/ Excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1983.

P Denotes preliminary estimates.

R Denotes revised estimates.

ALASKA'S ECONOMIC OUTLOOK

By Ed Eboch

Negative news has dominated the Alaska press during 1984 and intimated less affluent times for Alaska's economy over the next several years. While the growth rates of the past several years will not be equaled, growth in employment is forecast to continue for 1985 and 1986 but at a more subdued rate. Attention on the unfavorable news of lower oil prices, weak timber markets, and declining mineral prices have hidden the abundance of good news, especially positive for the long term development of Alaska's economy (Table I). Natural resources will continue to play a dominant role in Alaska. The potential for oil and gas production and for mineral development in the 1990's is especially attractive. As the surplus of oil and mineral production capacity and existing stocks of these commodities come into balance and as lower cost resources are depleted, attention to Alaska's resource potential will result in significant increases in employment in the mining industry and its support industries.

Because of its importance to Alaska's state revenues and therefore state expenditures, oil prices and oil tax revenues tended to receive the most attention during 1984. Obviously, oil prices will affect state revenues and employment growth generated as a result of state expenditures. Declines in the state capital budget will affect construction activities while pressure on operating budgets will result in less service contracts and equipment and other purchases. Oil prices continue to decline, causing the Department of of Revenue to adjust its FY 85 (7/1/84-6/30/85) and FY 86 forecast of state tax revenues downward. State tax revenues for FY 85 are now estimated to be $3.314 billion, down $89 million from the September projections. For FY 86 the estimated state tax revenues are $3.312 down $162 million from the September projections.

While the disappointment of the Mukluk exploratory well was the bad news for the oil industry in 1983, its impact on oil and gas exploration has had and will likely have less impact on the oil and gas industry in Alaska than the current weak oil prices. Lower oil prices mean that oil and gas exploration and development will be approached more cautiously. The oil companies will be less interested in developing new, marginally profitable, oil fields; secondary and tertiary development of existing fields; or active exploration work on less desirable lease holdings until the outlook for oil prices and potential profits improves.

Low prices for timber and minerals continued to plague two of Alaska's other basic industries during 1984. With an already existing cost disadvantage and a changing timber market, Alaska's lumber and pulp mills were struggling to maintain employment and profits. With the failure of the U.S. Environmental Protection Agency to grant a waiver to its water discharge standards for Alaska pulp mills the viability of the wood

processing industry appears in question.

As a result of low mineral prices three mineral mining ventures appear less certain to come into production than they did a year ago. The Borax Quartz Hill molybdenum mine near Ketchikan, the Cominco/NANA Red Dog mine in the Northwest Arctic, and the Greens Creek mine on Admiralty Island near Juneau will continue to be examined to determine their viability in light of low mineral prices. As of mid-December, prices for lead, copper, gold, silver, and molybdenum are below year ago levels. The anticipated price increase that usually accompanies an economic recovery has failed to materialize. The affect has been less activity on these ventures than might otherwise have been expected.

Several factors that appeared to have affected Alaska economy in 1984 should favor continued growth of employment in 1985 and beyond. A

Table I
Highlights of 1984
Alaska

- Oil prices decline, state revenue projections lower.
- Tourism at record levels.
- Coal shipments to Korea begin.
- 2,000-2,500 additional military personnel to be stationed in Alaska.
- Anaconda and Cook Inlet Regional Corporation disclose a major gold-copper-lead mineral discovery located on Alaska Peninsula.
- Exxon disclose a giant gas field at Point Thompson (5 trillion cubic feet of recoverable gas and 350 million barrels of condensate).
- Record salmon catch at 132.5 million pounds.
- Successful oil and gas lease sales:

  —Federal Navarin Basin
  —Federal Daipir OCS
  —State of Alaska Colville River Delta Prudhoe Bay Uplands
  —State of Alaska, Beaufort Sea

- Oil companies announce development of Endicott, Milne Point and Lisburne oil fields and Kuparuk production is scheduled to double.
- U.S. Senate says no to export of Alaska oil.
- Shell and partners announce Seal Island discovery larger than previously indicated.
- U.S. Environmental Protection Agency refuse variance of water discharge standards for Alaska pulp mills.
- Alaska Railroad purchase finalized.

growing population plus shifting demographics will continue to affect Alaska's trade and services industry favorably. Early estimates are that Alaska's population grow by over 5% from 1983 to 1984 (Table II). Continued population growth is expected in 1985 and 1986. As the economy has expanded Alaska is considered less and less as an undeveloped outpost—a place to come and earn your fortune only to return to the continental United States. More and more people are arriving with their families or remaining after marriage or retirement. Incomes earned in Alaska are more likely to be spent in Alaska, especially as many of the previously unavailable goods and services are now available locally. An older population usually has more disposable income. All these factors will contribute to employment growth in the trade; services; and finance, insurance and real estate industries.

Table II
Population 1/
Alaska and Selected Communities

	Preliminary Est. 1984 Population	July 1, 1983 Population	July 1, 1982 Population
State of Alaska	538,000 2/	510,554	460,837
Anchorage, Municipality of	244,030 3/	227,070	200,503
Fairbanks-North Star Borough	•	64,810	59,222
Juneau, City and Borough	•	25,964	22,030
Matanuska-Susitna Borough	•	29,849	25,212

1/ Because of the various estimates of population by different government agencies the direction and magnitude of change is more important than the absolute values.

2/ Preliminary estimates by Research and Analysis, Population Unit.

3/ Estimated by Municipality of Anchorage.

• Unavailable

Source: Department of Labor, Research and Analysis, Population Unit.

Nonagricultural Employment Trends

Alaska nonagricultural employment increased by 2.3% during 1984 compared to the corresponding period of 1983 (Table III). This compares to a 6.3% annual average growth in 1983, 7.2% in 1982, and 9.1% in 1980. State spending of oil related tax revenues has been one of the most important factors in Alaska's economic growth since 1979. State spending stimulates construction, state government, and expansion of secondary industry employment. It is these industries which have shown consistent and, in some cases, spectacular growth since 1980.

Table III
Nonagricultural Wage and Salary Employment*
Alaska

	Annual Avg. 1983	Annual Avg. 1984	Percent Change	Number of Jobs
Nonag. Wage & Salary	213000	217800	2.3	4800
Mining	8300	8100	-2.5	-200
Construction	20300	19000	-6.5	-1300
Manufacturing	12200	11600	-4.9	-600
Food & Kindred Prod.	6800	6300	-7.4	-500
Lumber & Paper Prod.	2500	2400	-4.0	-100
All Other Mfg.	2900	3000	3.4	100
Trans. Comm. & Utilities	18600	18900	1.6	300
Trucking & Whseing.	2200	2300	4.5	100
Water Transportation	1400	1400	0.0	0
Air Transportation	5800	5900	1.7	100
Other Trans. Comm. & Utilities	9200	9300	1.1	100
Trade	41900	44100	5.3	2200
Wholesale	8000	8500	6.2	500
Retail	34000	35600	4.7	1600
Gen. Mer. & Apparel	4800	5100	6.3	300
Food Stores	5600	6000	7.1	400
Eating & Drinking Places	11900	12200	2.5	300
Other Retail Trade	11700	12300	5.1	600
Fin.-Insurance & Real Estate	10500	11200	6.7	700
Services and Misc.	38900	40600	4.4	1700
Government	62300	64600	3.7	2300
Federal	17800	17900	0.6	100
State	18800	19300	2.7	500
Local	25700	27400	6.6	1700

* 1983 annual average is based on six months 202 data and six months of estimated values. 1984 annual average is based on ten months of estimates and two months of forecasts. Total may not equal the sum of subareas due to rounding.

The past two years of Alaska's economic expansion have been led by construction activity and growth in the trade, services, and government sectors of the economy. With some evidence of overbuilding at the beginning of the year the slowdown in construction anticipated to occur in 1984 failed to materialize. Led by a continued expansion in residential and commercial space and state capital projects, construction employment in 1984 was down from 1983 levels but still represented one of the best years since the pipeline days. Growth in residential, commercial, and public works projects largely offset the decline in North Slope oil and gas construction activities.

Growth in Alaska's support industries (trade, services, and finance insurance and real estate) occurred as Alaska's economy continued to diversify and mature. Trade employment grew as visitors to Alaska increased and import substitution occurred (more goods were purchased

locally rather than from outside Alaska). Following the national trend, Alaska's service industry represents an increasing share of Alaska's employment. The demand for locally purchased goods and services is an indication that Alaska may have finally progressed from the frontier image of the past, at least in the larger communities.

Government also increased its employment as a growing population increased the demand for government services. The biggest gains were in local government as growth in school enrollments increased the need for school staff and a larger population required expanded community services. State government kept pace with the growth in the state's population and the growth in total nonagricultural wage and salary employment.

Economic Outlook

Alaska's employment is forecast to continue to grow through the first half of 1986 but at a much slower rate than experienced over the past few years. A decline in construction employment during 1985 will be offset by increases in other industries in Alaska's economy, especially in the trade and service sector. Scheduled North Slope projects will result in an improved employment outlook for construction and other firms that support North Slope activities in the first half of 1986. (Tables IV and V).

Mining

Oil and gas accounts for approximately 90% of Alaska mining employment. Oil and gas employment suffered a major decline in late 1982 due to layoffs by drilling and oil field service companies. While 1983 saw significant development activity on the North Slope little development activity is planned for 1984 and 1985. Several projects are scheduled to begin in 1986 and these should come on stream as planned. Significant investments have been made as pre-construction work has been completed or contracted. Materials for these projects are being gathered for future delivery to Alaska. The economic outlook for oil prices would have to be much less attractive than at present to cause these projects to be cancelled. With the current world surplus of crude oil and little prospect for improvement in world oil prices, oil exploration and development activities in Alaska are not expected to add to current levels of oil and gas related employment during the forecast period. Some growth is anticipated in coal, precious metals, and nonmineral mining employment.

Construction

Construction is the key to current employment forecasts. Construction employment is forecast to drop from 1982/1983 levels in the forecast period. No major construction activity is planned in oil and gas in 1985. Projects planned for 1986 will not affect construction until the fall of 1986,

beyond the forecast period. A significant surplus of residential and commercial space available in the three major communities in Alaska, as evidenced by the increase in vacancy rates and a decline in building permits issued, means less construction activity in residential and commercial construction are expected.

State spending is unlikely to increase for capital projects as state tax revenues have declined over the past two years and are anticipated to remain at current levels or possibly decline in the years ahead. The reduction in oil prices also affect alternative power projects. Hydroelectric projects that looked attractive when oil prices were over $30 a barrel and expected to increase in cost in real terms are suddenly a more costly source of energy. Activity on Susitna and other hydroelectric projects are likely to be deferred until well beyond the forecast period. All these factors point to a drop in construction employment during the forecast period. The only question is how much of a drop will be experienced and how would it affect secondary and tertiary industries. It is possible the actual decline in construction employment could exceed the forecast decline in that employment, especially if state revenues are much below forecast levels.

Manufacturing

Seafood processing employment declined in 1984 even though 1984 experienced the third largest salmon run on record. A continued decline in crab harvests more than offset a slight gain in employment related to the growth in bottomfish activity. There is little prospect for employment gains during the forecast period. Crab stocks remain low and salmon harvests are not expected to be greater than those of the past three years. While the bottomfish industry is growing it is not expected to contribute to employment gains significantly for many years.

High costs and a strong dollar have contributed to problems in the lumber and paper products segment of Alaska's manufacturing industry. With the refusal of the U.S. Environmental Protection Agency to ease water discharge standards for Alaska pulp mills, declines are expected for wood processing employment. As the Japanese yen recovers, relative to the U.S. dollar, over the year ahead the outlook for logging employment remains positive.

Government

Led by growth in local government employment, total government employment is forecast to increase 2.3% in 1985. Federal government employment will be up slightly as a growing population will increase demands for postal and other federal government services. State government will show a small gain during the forecast period as long as revenues remain at current levels. This growth will be in response to additional service needs of a growing population. Should state revenues fall enough to require cuts in state employment or in capital projects the loss of

revenues and employment will be felt throughout the state's economy.

Local government employment will continue to grow at a rate faster than total nonagricultural wage and salary employment. Many communities are trying to provide more services with existing employment but the relatively low tax base of most communities and the increased demand for local facilities and services should result in growth of local government employment.

Secondary Industries

The secondary and tertiary industries consisting of transportation, communication and utilities, finance insurance and real estate, and service (secondary in the sense that they exist to support the basic industry and spending of employees of that industry) will make the major contribution to employment gains during the forecast period. The 1981-1984 surge in population and personal income will continue to generate employment growth in the secondary industries through 1985. In addition, the U.S. Department of Defense has announced that an additional 2,000-2,500 military personnal will be assigned to Alaska. Their presence should add an additional 1,000-1,500 jobs in the private sector beginning in 1986.

Trade

During 1985 the trade sector will continue to expand in response to population growth and demographic shifts in Alaska's population and the purchase of local goods in substitution for goods previously purchased outside Alaska. The availability of consumer goods and services locally is perhaps one of the most dramatic changes in the Alaska economy in the past few years. The increase in the availability of goods and services has not been restricted to the major communities of Anchorage, Fairbanks, and Juneau but there has also been an increase in goods and services to many of the smaller communities around the state. This growth in trade related employment is expected to continue through 1985 and then begin to slow in 1986 as the lack of growth in the basic industries begins to offset the momentum of the secondary industries.

Transportation, Communication and Public Utilities

Growth rates of employment in transportation, communication and public utilities industries are expected to lag overall employment growth rates. The impact of deregulation of air services is just beginning to be felt as Wien Airlines has been forced to reduce its activities in Alaska. Other airlines will be affected as air service carriers respond to new competitive pressures, thereby moderating the gains that would have been expected with the growth in tourism. Other gains in air transportation employment will be at the cost of gains in water transportation employment. The needs of expanding communication services will be met to a larger extent with technical improvements rather than increased employment. Public utilities

employment gains will also be moderated as more modern equipment and techniques are invested in Alaska.

Finance, Insurance and Real Estate

Alaska's permissive banking laws have resulted in an expanded, more competitive banking industry that is providing a greater variety of services. A larger more wealthy population has a need for insurance to cover their assets as well as a need for other financial services for investment opportunities. Growth in employment in this industry will continue to outpace total employment growth in response to an increasing population and expanding needs of a growing economy.

Services

Alaska has been gradually improving the availability of business, health, and personal services that are available in state. Medical services have improved rapidly and are expected to continue to improve as will other services. Anchorage has been the main beneficiary of this change as it continues to replace Seattle as the regional center for service related needs for much of Alaska.

Tourism will contribute to growth in hotel and motel and personal services. Even with competition from the Olympics, 1984 was a record breaking year for the tourism industry. The improved "lower 48" economy and with the state's support in promoting tourism this industry should continue to grow at a greater rate than total nonagricultural employment.

Conclusion

Alaska is entering a period of more modest growth in employment, at least relative to the explosive growth of the past four years. Employment is forecast to increase 2.1% in 1985 as a result of population gain and improvement in available goods and services and 3.7% in early 1986 as oil development activities begin to affect mining and its support industries.

With inflation under control and interest rates dropping, improvements in the exchange rate should be favorable to Alaska's timber and fisheries industry by late 1985 and early 1986. These more beneficial exchange rates should also improve the prospects of several mining ventures. Unfortunately the impact of improved exchange rates will not be felt on the mining industry until after the forecast period.

The state is entering a period where growth in employment will be a result of private sector influences rather than expansion of state expenditures. In the near term this growth will be led by the secondary and tertiary industries and local government as they respond to the demands of the rapidly expanded population of the past four years. Longer term (1990's

and beyond) growth in employment will be led by the mining industry as prices of oil and minerals adjust to a limited world supply. This gradual shift from dependence on state government as the impetus of economic growth to the private sector for economic expansion means a healthier, more stable Alaskan economy over the long term.

Table IV
Industrial Employment Forecast*
Alaska

	Annual Average 1984	Annual Average 1985	Percent Change	Number of Jobs
Nonag. Wage & Salary	217800	222400	2.1	4600
Mining	8100	8200	1.2	100
Construction	19000	16100	-15.3	-2900
Manufacturing	11600	11800	1.7	200
Food & Kindred Prod.	6300	6500	3.2	200
Lumber & Paper Prod.	2400	2200	-8.3	-200
All Other Mfg.	3000	3100	3.3	100
Trans. Comm. & Utilities	18900	19300	2.1	400
Trucking & Whseing.	2300	2000	-13.0	-300
Water Transportation	1400	1400	0.0	0
Air Transportation	5900	6200	5.1	300
Other Trans. Comm. & Utilities	9300	9600	3.2	300
Trade	44100	46600	5.7	2500
Wholesale	8500	9200	8.2	700
Retail	35600	37400	5.1	1800
Gen. Mer. & Apparel	5100	5600	9.8	500
Food Stores	6000	6300	5.0	300
Eating & Drinking Places	12200	12800	4.9	600
Other Retail Trade	12300	12800	4.1	500
Finance-Ins. & Real Estate	11200	11600	3.6	400
Services & Misc.	40600	43700	7.6	3100
Government	64600	66100	2.3	1500
Federal	17900	18000	.5	100
State	19300	19100	1.6	300
Local	27400	28400	3.6	1000

* 1984 annual average is based on 10 months of estimates and two months of forecasts. Total may not equal the sum of parts due to rounding.

Table V
Industrial Employment Forecast*
Alaska

	1st Half 1985	1st Half 1986	Percent Change	Number of Jobs
Nonag. Wage & Salary	215500	223400	3.7	7900
Mining	8200	8500	3.7	300
Construction	14100	14100	0.0	0
Manufacturing	9700	9800	1.0	100
Food & Kindred Prod.	4600	4500	-2.2	-100
Lumber & Paper Prod.	2100	2000	-4.8	-100
All Other Mfg.	3100	3200	3.2	100
Trans. Comm. & Utilities	18600	18900	1.6	300
Trucking & Whseing.	2000	2000	0.0	0
Water Transportation	1200	1500	8.3	100
Air Transportation	6000	6300	5.0	300
Other Trans. Comm. & Utilities	9400	9500	1.1	100
Trade	44800	47200	5.1	2300
Wholesale	8900	9500	6.7	600
Retail	35900	37600	4.7	1700
Gen. Mer. & Apparel	5200	5700	9.6	500
Food Stores	6200	6500	4.8	200
Eating & Drinking Places	12200	12400	1.6	200
Other Retail Trade	12400	13000	4.8	600
Finance-Ins. & Real Estate	11300	12100	7.1	800
Services & Misc.	42100	45000	6.9	2900
Government	66400	67600	1.8	1200
Federal	17800	17800	0.0	0
State	19600	20100	2.6	500
Local	29000	29800	2.8	800

* 1986 forecast is for first six months only. Total may not equal the sum of parts due to rounding.

Note: All the forecasts were developed by the Box-Jenkins ARIMA (Autoregressive-Integrated-Moving Average) model. ARIMA models are a quantitative method which can be used to produce short-term forecasts of a time series from its own past values. The ARIMA models have proved to be excellent short-term forecasting models. It is especially good when dealing with seasonal data, a problem with Alaska employment data. The weakness of the ARIMA modeling method, as with most modeling methods, its its inability to identify significant turning points in an industry. Because of an anticipated drop in construction employment during the forecast period adjustments to the data were necessary to correct for this deficiency. Each data series is forecastr independently and checked against the industry forecast and the total nonagricultural employment forecast. Available information that might affect the forecast is incorporated into the final results.

ALASKA

By Ed Eboch

Employment declined for the second straight month as seasonal adjustments continued. The biggest declines were in construction, down 18.0%, manufacturing, down 7.3%, and transportation, communications and utilities, down 4.6%. Alaska continued to experience year to year gains in employment, up 2.8% from November 1983. A year to year decline in construction employment was more than offset by major gains in service and local government employment.

While there has been a dramatic decline in housing units authorized in 1984 from the 1983 level, it appears 1984 will still be the third best year for residential housing since 1977. With state expenditures for capital projects, and residential and commercial expansion, 1984 has been an excellent year for construction employment, even though current levels of employment are below 1983 levels.

In early December the Department of Revenue revised its September projections for state revenues. The estimate for the current budget year, FY 85, was revised to $3.314 billion down $89 million from the September projection. For FY 86 the projection was $3.312 billion, down $162 million from the September projection. Lower oil prices have offset the benefits anticipated for FY 86 of production from the Kuparuk River Field. Oil continues to drop in price This during a time when prices traditionally are strong. As spring approaches the ability of the markets to maintain a price at or near current prices will be tested.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ALASKA

			CHANGES FROM:		
	P/ 11/84	R/ 10/84	11/83	10/84	11/83
Nonag. Wage & Salary	217600	224100	211700	-6500	5900
Mining	7800	7900	7900	-100	-100
Construction	18200	22200	20700	-4000	-2500
Manufacturing	8900	9600	8900	-700	0
Food & Kindred Prod.	3800	4300	3800	-500	0
Lumber & Paper Prod.	2200	2300	2300	-100	-100
All Other Mfg.	2900	3000	2800	-100	100
Trans. Comm. & Utilities	18900	19600	18000	-700	900
Trucking & Whseing.	2100	2300	2000	-200	100
Water Transportation	1300	1500	1400	-200	-100
Air Transportation	6100	6200	5600	-100	500
Other Trans. Comm. & Utilities	9400	9600	9000	-200	400
Trade	44100	44700	44000	-600	100
Wholesale	8400	8500	8100	-100	300
Retail	35700	36200	35900	-500	-200
Gen. Merchandise & Apparel	5200	5100	5300	100	-100
Food Stores	5500	5700	6100	-200	-600
Eating & Drinking Places	12500	12900	11900	-400	600
Other Retail Trade	12500	12500	12600	0	-100
Fin.-Insurance & R. Estate	11500	11400	10800	100	700
Services & Misc.	41800	42300	37900	-500	3900
Government	66400	66400	63500	0	2900
Federal	17500	17700	17700	-200	-200
State	20100	20100	19300	0	800
Local	28800	28600	26500	200	2300

Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1983.

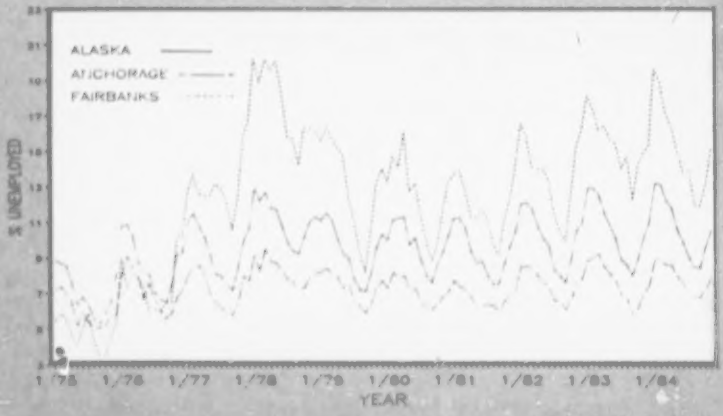
P/ Denotes premilinary estimates.

R/ Denotes revised estimates.

Composite Nonag. Employment Indexes
Seasonally Adjusted
1978 to Present

source: Ak. Dept. of Labor

UNEMPLOYMENT RATES
NOT SEASONALLY ADJUSTED
1975 to Present



source: Ak. Dept. of Labor

ANCHORAGE/MATSU

By Greg Huff

MatSu Employment Overview 1984

In 1984, employment growth in the Matanuska-Susitna Borough continued to respond to rapid population increases and continued high levels of state appropriations. The most complete and current employment data compiled for the MatSu Borough reveals nonagricultural wage and salary employment for the first half of 1984 up 25% over comparable 1983 levels. This the single largest gain in employment in the MatSu Borough's history. The majority of the growth is based in the sectors providing goods and services and in the construction industry. The Wasilla-Palmer area has benefited most by this growth. MatSu's economic growth and employment gains are influenced by its proximity to Anchorage.

State expenditures have provided a catalyst for economic growth in a variety of forms including capital project grants, loan mortgage subsidies, dividend checks and tax relief. Over the past several years, millions of dollars have been appropriated by the state legislature for capital projects ranging from fire houses to road projects. In 1984, the MatSu Borough received $17.5 million in state grants, the majority of which was earmarked for capital construction projects. In 1984, the state has contributed 61% of the MatSu Borough's operating budget, helping hold down taxes and relieving debt obligations while enhancing funding for education. The Alaska Housing Finance Corporation (AHFC) has stimulated the housing market by subsidizing homeowners mortgage payments. Through the first nine months of 1984, Multiple Listing Service (MLS) statistics show that 55% of residential home sales in the MatSu Borough were financed through AHFC.

The population estimate for the Wasilla-Palmer suburban area in 1984 is 27,157 residents, a 14% increase from the 1983 level of 23,742 and a doubling of the population since 1980. Most of MatSu Borough's growth in recent years has been a result of immigration. It has been estimated by Research and Analysis that 89% of the net population gains were a result of immigration, the highest rate in the state. A majority of the newcomers work in Anchorage but take advantage of lower home prices in the MatSu area. MLS statistics show that the average selling price of a single family residence in Anchorage is 27% greater than for a comparable unit in the MatSu Valley. This is very attractive to many Anchorage workers despite the higher transportation cost associated with the extended commuter trip. In 1983, 37% of MatSu Borough residents were employed outside the borough.

This rapid population growth has contributed to employment gains in businesses that provide a variety of goods and services. Fifty percent of all

LABOR FORCE BY REGION AND CENSUS DIVISION

	Labor Force			Unemployment			Rate			Employment		
	P 11/84	R 10/84	11/83	P 11/84	R 10/84	11/83	P 11/84	R 10/84	11/83	P 11/84	R 10/84	11/83
Alaska Statewide	240992	243698	228543	25288	23284	23130	10.5	9.6	10.1	215704	220414	205413
Anchorage/MatSu Region	128354	128622	118958	11122	9858	9304	8.7	7.7	7.8	117232	118764	109654
Anchorage	115475	116107	106979	9107	8349	7487	7.9	7.2	7.0	106368	107758	99492
Matanuska-Susitna	12879	12515	11979	2015	1509	1817	15.6	12.1	15.2	10864	11006	10162
Gulf Coast Region	25763	27066	25016	3182	3352	3315	12.4	12.4	13.3	22581	23714	21701
Cordova	1350	1398	1300	141	130	138	10.4	9.3	10.6	1209	1269	1162
Kenai	13217	13851	12875	1711	1768	1818	12.9	12.8	14.1	11506	12083	11057
Kodiak	5866	6270	5637	710	855	682	12.1	13.6	12.1	5156	5415	4955
Seward	1886	1933	1846	276	242	298	14.6	12.5	16.1	1610	1691	1548
Valdez	3444	3613	3358	344	357	379	10.0	9.9	11.3	3100	3256	2979
Interior Region	32613	32621	30876	4969	4167	4529	15.2	12.8	14.7	27644	28454	26347
Fairbanks	26608	26704	25227	4076	3512	3752	15.3	13.2	14.9	22532	23192	21475
Southeast Fairbanks	2648	2617	2481	388	291	327	14.7	11.1	13.2	2260	2326	2154
Upper Yukon	813	780	769	139	86	127	17.1	11.0	16.5	674	694	642
Yukon-Koyukuk	2544	2520	2399	366	278	323	14.4	11.0	13.5	2178	2242	2076
Northern Region	10895	10965	11163	775	735	985	7.1	6.7	8.8	10120	10230	10178
Barrow-North Slope	2888	2911	2989	158	152	244	5.5	5.2	8.2	2730	2759	2745
Kobuk	3431	3440	3503	290	265	344	8.5	7.7	9.8	3141	3175	3159
Nome	4576	4614	4671	327	318	397	7.1	6.9	8.5	4249	4296	4274
Southeast Region	32066	32736	31339	4324	4177	3920	13.5	12.8	12.5	27742	28559	27419
Angoon	418	458	398	51	80	35	12.2	17.5	8.8	367	378	363
Haines	1142	1096	1088	206	132	163	18.0	12.0	15.0	936	964	925
Juneau	11301	11624	11042	1230	1257	1089	10.9	10.8	9.9	10071	10367	9953
Ketchikan	6983	7358	6564	1147	1350	796	16.4	18.3	12.1	5836	6008	5768
Outer Ketchikan	890	860	847	203	152	168	22.8	17.7	19.8	687	708	679
Prince of Wales	1552	1567	1524	268	246	255	17.3	15.7	16.7	1284	1321	1269
Sitka	4494	4535	4511	426	347	490	9.5	7.7	10.9	4068	4188	4021
Skagway	1648	1597	1758	291	200	417	17.7	12.5	23.7	1357	1397	1341
Wrangell-Petersburg	3638	3641	3607	502	413	507	13.8	11.3	14.1	3136	3228	3100
Southwest Region	11301	11688	11191	916	995	1077	8.1	8.5	9.6	10385	10693	10114
Aleutian Islands	2921	3036	2924	97	128	174	3.3	4.2	6.0	2824	2908	2750
Bethel	3678	3824	3618	374	422	400	10.2	11.0	11.1	3304	3402	3218
Bristol Bay Borough	409	437	408	36	53	45	8.8	12.1	11.0	373	384	363
Bristol Bay	1519	1547	1500	124	111	142	8.2	7.2	9.5	1395	1436	1358
Kuskokwim	1011	1021	993	110	94	116	10.9	9.2	11.7	901	927	877
Wade Hampton	1763	1823	1748	175	187	200	9.9	10.3	11.4	1588	1636	1548

P/=Preliminary 1983 Benchmark

R/=Revised

Federal guidelines require the use of unrounded labor data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

new jobs in 1984 were based in the trade and service industries. Businesses in wholesale and retail outlets, lodging facilities, medical care, a host of personal and business services, firms providing electricity and telephone services, and financial services have benefited from the rapid population growth in the MatSu region. To meet the growing demands for services (such as road maintenance, law enforcement, and education) government employment increased 11%. Local government employment, in particular the school district, was the fastest growing of the governmental branches. MatSu school employment increased 25% over the year.

Much of the construction activity in the Matanuska Valley was in response to population increases. Roads, schools, homes, retail space, and office space have all been built or are being built to meet the added pressures and demands of a growing population. Residential construction activity appears to have slowed in 1984 but residential markets in the valley remain strong. For the first nine months of 1984, 352 homes were sold according to MLS statistics, only 60 less than the total for 1983. Construction activity in 1984 was concentrated in commercial construction projects ranging from multi-million dollar malls to several "mini" malls, warehouse spaces, thousands of square feet of office space and a large expansion of an existing major mall. The landscape of the area has gone through changes in the last year, including a new stop light on a new four lane section of the Parks Highway in the heart of a rapidly changing Wasilla.

Matanuska-Susitna Borough Employment

	1st Qtr 1984	2nd Qtr 1984	1st Half 1984	1st Half 1983	Percent Change
Total Employment	5631	6532	6082	4855	25%
Mining	12	5	9	22	-59%
Construction	685	1053	869	573	52%
Manufacturing	69	121	95	49	94%
Trans. Comm. & Utilities	532	597	565	492	15%
Trade	1293	1546	1420	1063	34%
Finance-Ins. & Real Estate	246	292	269	200	35%
Services and Misc.	917	978	948	763	24%
Government	1877	1940	1909	1693	13%
Federal	104	109	107	100	8%
State	593	639	616	569	8%
Local	1180	1192	1186	1024	16%

Source: Alaska Department of Labor, Research and Analysis.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE

	P 11/84	R 10/84	11/83	CHANGES FROM: 10/84	11/83
Nonag. Wage & Salary	110400	113250	105800	-2850	4600
Mining	3500	3550	3350	-50	150
Construction	9100	11000	9500	-1900	-400
Manufacturing	2450	2700	2350	-250	100
Food & Kindred Prod.	400	500	400	-100	0
Other Mfg.	2050	2200	1950	-150	100
Trans. Comm. & Utilities	8950	9150	8800	-200	150
Trucking & Whseing.	1150	1200	1300	-50	-150
Water Transportation	350	350	300	0	50
Air Transportation	3650	3750	3700	-100	-50
Other Trans. Comm. & Utilities	3800	3850	3500	-50	300
Trade	27900	27950	26700	-50	1200
Wholesale	6300	6300	6000	0	300
Retail	21600	21650	20700	-50	900
Gen. Merchandise	1900	1800	1900	100	0
Food Stores	3000	3050	2600	-50	400
Eating & Drinking Places	8100	8250	7800	-150	300
Other Retail Trade	8600	8550	8400	50	200
Fin.-Insurance & R. Estate	7700	7800	7150	-100	550
Services & Misc.	24650	24900	22950	-250	1700
Government	26150	26200	25000	-50	1150
Federal	10050	10250	9850	-200	200
State	6850	6750	6400	100	450
Local	9250	9200	8750	50	500

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE—MATSU

	P 11/84	R 10/84	11/83	CHANGES FROM: 10/84	11/83
Nonag. Wage & Salary	116650	119650	111750	-3000	4900
Mining	3500	3600	3350	-100	150
Construction	9750	11800	10350	-2050	-600
Manufacturing	2550	2850	2450	-300	100
Trans. Comm. & Utilities	9450	9750	9300	-300	150
Trade	29150	29250	27900	-100	1250
Fin.-Insurance & R. Estate	8150	8150	7450	0	700
Services & Misc.	25900	25850	23900	50	2000
Government	28200	28400	27050	-200	1150

FAIRBANKS/INTERIOR

By Neal Fried

Fairbanks Retail Trade Sector

This is the season of the year when retailers do 50% of their business. At the rate retail trade has been growing during the past four years, it appears that Fairbanks has celebrated Christmas year round. The retail trade industry in Fairbanks has been transforming and expanding rapidly since 1980. In 1980, 3,200 jobs existed in the retail trade industry while in 1984 there are 4,800 employed in this industry. There are also 42 more retail trade establishments now than in 1980. In absolute numbers of jobs, it has been the fastest growing industry in Fairbanks' private sector.

Since 1981, when sales taxes were repealed in the borough, there has been little information on how Fairbanks' residents spend their money in the retail market. Every five years, the Bureau of Census produces a Census of Retail Trade for Fairbanks. The information reported in the latest census includes sales, payroll, and employment data. It also provides some breakout regarding the nature of businesses such as individual proprietorships, partnerships, and incorporated establishments. The most valuable information in this report is sales data. Payroll employment, and some establishment data is available from the Alaska Department of Labor on a continuing basis. The report's greatest shortcoming is its lack of timeliness. In spite of its shortcomings, the report provides information on the behavior of Fairbanks consumers.

In 1982, $466 million was spent in Fairbanks' retail trade industry. Of the 607 establishments in Fairbanks, 327 had a payroll, indicating employment other than family members. These 327 establishments were responsible for 98% of the sales. The following discussion regarding sales will include only establishments with payroll because they are responsible for most of the sales and provide the only detailed retail trade data.

In 1982 the average Fairbanks establishment had sales of $1.4 million compared to $1.1 million statewide. The size of Fairbanks' retail market and role as regional center contributes to its larger sales volumes. Not surprisingly, food is the borough's number one consumption item as is true of Alaska and the United States. A full $91 million or 20% of the community's retail dollar was spent on food. This is less than the national average of 23% which may indicate that Fairbanks' residents with more real income spend a greater portion of their income on less basic items.

The second item on Fairbanks' consumption list is the purchasing of automobiles and related services and supplies. If gasoline service stations are included, 24% of the retail dollar spent in Fairbanks goes to automobile transportation, even more than is spent on food. The automobile and related category percentage share is almost identical with that of U.S., but

lower 48 residents spent a greater percentage of retail at gasoline service stations than do residents of Fairbanks. This probably reflects the greater road system and greater opportunity to travel by automobile in the lower 48.

Eating and drinking is another item on which residents of Fairbanks spend a large percentage of their income. In 1982, $52 million was spent in restaurants and bars, which represents 11% of the retail dollar. Nationally, this figure is one percentage point lower. Given Fairbanks' higher income, younger population, and higher labor force participation rate it is not surprising that more people in Fairbanks choose to eat out than do their lower 48 counterparts.

Fairbanks residents also spend their money on the building materials, hardware, garden supplies, and mobile homes category. Approximately 7% of the sales is spent on this category, almost double the U.S. average. This may be partially explained by the fact that in 1982 Fairbanks' housing market was on an upswing whereas the rest of the nation had plunged into a deep recession with housing being one of its biggest casualties.

In a majority of the remaining sales categories, it is difficult to pinpoint the actual amount of the retail dollars choosing specific retail items because they are not mutually exclusive. For example, miscellaneous retail, apparel and accessory, and general merchandise stores often sell similar and in many cases, identical items.

Sales per capita figures make for some interesting comparisons. Fairbanks' resident per capita sales figures was $7,750 compared to $4,473 nationally, or 73% above the national average. The wide margin of difference can be explained by demographics, cost of living, and income differences. Fairbanks' popultaion is younger than the nation's and a younger population tends to consume while their older counterparts tend to save a greater percentage of their income. Prices are higher in Fairbanks than for the U.S. in general which boosts the sales figures.

Comparing Fairbanks 1982 sales data with 1977 sales data indicates that total sales grew by 46% in unadjusted dollars, compared to 48% nationally and 78% in Alaska. In inflation adjusted dollars, the numbers indicate sales were no larger in 1982 than in 1977. There are either data problems or this simply points out the frenzied level of activity which took place during pipeline construction and shortly thereafter. If we use 1980 as a new benchmark, however, we know the retail sector as measured by number of establishments and employment has grown dramatically.

Retail Trade Sales

	Fairbanks		Alaska		United States	
	1982 Sales (Mil)	Percent Share	1982 Sales (Mil)	Percent Share	1982 Sales (Mil)	Percent Share
Total Sales	459	100%	3152	100%	1033727	100%
Bldg. Materials & Garden Supplies	42	9%	340	11%	49940	5%
General Merchandise	52	11%	334	11%	119301	12%
Food Stores	92	20%	692	22%	240408	23%
Automotive and Rel.	84	18%	410	13%	187843	18%
Gasoline Stations	27	6%	205	7%	94820	9%
Apparel Stores	13	3%	127	4%	57180	6%
Furniture & Equip. Stores	20	4%	128	4%	45098	4%
Eating & Drinking Places	52	11%	403	13%	100794	10%
Drug Stores	21	5%	136	4%	35777	3%
Misc. Retail	56	12%	374	12%	102565	10%

Source: Bureau of Census. The sum of the sales categories may not equal total sales due to rounding.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
FAIRBANKS

			CHANGES FROM:		
	P/ 11/84	R/ 10/84	11/83	10/84	11/83
Nonag. Wage & Salary	27450	28850	26950	-1100	500
Mining	150	200	200	-50	-50
Construction	2650	3350	2500	-700	150
Manufacturing	550	600	450	-50	100
Trans. Comm. & Utilities	2650	2800	2800	-150	-150
Trucking & Whseing.	450	450	500	0	-50
Air Transportation	650	700	600	-50	50
Other Trans. Comm. & Utilities	1550	1650	1700	-100	-150
Trade	5600	5700	5700	-100	-100
Wholesale	1000	1000	900	0	100
Retail	4600	4700	4800	-100	-200
Gen. Merchandise & Apparel	500	450	400	50	100
Food Stores	750	750	800	0	-50
Other Retail Trade	3350	3500	3600	-150	-250
Fin.-Insurance & R. Estate	1050	1050	1000	0	50
Services & Misc.	5200	5350	5000	-150	200
Government	9600	9500	9300	100	300
Federal	2650	2600	2600	50	50
State	4200	4150	4000	50	200
Local	2750	2750	2700	0	50

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
INTERIOR

	P/	R/		CHANGES FROM:	
	11/84	10/84	11/83	10/84	11/83
Nonag. Wage & Salary	31100	32450	30450	-1350	650
Mining	250	300	350	-50	-100
Construction	2750	3500	2550	-750	200
Manufacturing	550	600	500	-50	50
Trans. Comm. & Utilities	3400	3600	3450	-200	-50
Trade	6000	6100	6100	-100	-100
Fin.-Insurance & R. Estate	1100	1150	1050	-50	50
Services & Misc.	5650	5800	5450	-150	200
Government	11400	11400	11000	0	400

GULF COAST

By Neal Fried

New Seward Prison Boosts Employment

Beginning in 1980, employment statewide has made impressive gains. Seward's employment, on the other hand, has remained flat. There have been some changes in Seward's economy but no overall gains. Growth in tourism has positively affected the area's secondary sectors (trade and services) and increased revenues from the state have made it possible to add personnel to local and state government. Losses in fisheries and lumber, however, have offset most of these modest gains.

Seward's first shipment of coal to international markets may be the first step to permanent changes in the community's local economy. The construction and staffing of the proposed Spring Creek Correction Facility will likely be the second event that impacts Seward's economy. The correctional facility will have an immediate impact on the size of Seward's labor force while the total benefit of the coal facility or other planned projects are yet to be determined.

The present plans for the prison call for a $44 million facility, employing approximately 196 full-time personnel. The payroll is expected to be approximately $5.5 million. Land clearing has already begun and the facility is expected to be completed and open by late 1986 or early 1987. The direct employment alone will increase Seward's total employment by 17%. If direct and indirect employment are considered, Seward's wage and salary employment will grow from its present size of 1,155 to approximately 1,500, and increase of 30%. The community's payroll will grow from $29 million to approximately $39 million. In 1983, Seward's average monthly wage was $2,072. This compares to the projected monthly wage of $2,600 for prison employees. These higher wages should boost family and household income in Seward.

The employment at the prison will be nonseasonal, providing additional stability to what is otherwise a very seasonal economy. In addition to the prison employment, additional state employment will be generated to provide support to Seward's growing population. Local government employment will also increase for similar reasons. This growth will result from an increased population and income. This should help reduce the high unemployment rates which plague Seward's economy each year. Income will be provided to the merchants on a year round basis, which in turn will stimulate growth in the secondary sector through expansion of already existing businesses and attracting new investment.

This entire discussion has isolated the impact of the prison on Seward and does not include growth which may occur from the coal loading

operations, the Marine Industrial Center, and continued expansion of tourism. Employment at the prison along with these other sources of potential growth could push Seward's employment numbers considerably beyond the 1,500 level. Seward may very well be bucking a statewide trend. Statewide employment growth is presently slowing down while Seward employment may be just beginning on a rapid ascent.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
GULF COAST

			CHANGES FROM:		
	P/	R/			
	11/84	**10/84**	**11/83**	**10/84**	**11/83**
Nonag. Wage & Salary	19150	20300	18750	-1150	400
Mining	750	750	700	0	50
Construction	1850	2600	2050	-750	-200
Manufacturing	2400	2450	2000	-50	400
Food & Kindred Prod.	1750	1750	1350	0	400
All Other Mfg.	650	700	650	-50	0
Trans. Comm. & Utilities	2100	2150	2250	-50	-150
Trade	3100	3250	3200	-150	-100
Wholesale	350	400	450	-50	-100
Retail	2750	2850	2750	-100	0
Fin.-Insurance & R. Estate	550	550	500	0	50
Services & Misc.	3000	3250	2950	-250	50
Government	5400	5300	5100	100	300
Federal	550	550	550	0	0
State	1650	1650	1500	0	150
Local	3200	3100	3050	100	150

SOUTHEAST ALASKA

By John Boucher

Southeast Alaska nonagricultural wage and salary employment decreased by 1,100 jobs in November to 28,050, a 3.8% decline in the number of jobs in the region. The decline was spread across nearly every industry, the exceptions being government and finance, insurance and real estate, both of which held steady during the month.

The construction, manufacturing, trade and services industries all dropped over the month, largely due to seasonal fluctuations. Construction activity, especially heavy construction, dropped precipitously over the month. Activity in the heavy construction sector slowed due to the very cold November experienced in the region as work involving the use of cement dropped dramatically. The Thanksgiving day storm, which caused millions of dollars in damage to the communities of northern Southeast, may be a shot in the arm to slumping construction employment. Repairs expected to start after January 1st will help bolster next season's employment which is anticipated to be down 5% from 1984's annual average.

Manufacturing employment continued to have its problems in November, falling more than 10% from the same month one year ago. A large portion of the year to year decrease is attributable to the recent closing of Louisiana Pacific's Ketchikan pulp mill, however, this is not the sole cause. Even logging activity, the strongest employment sector during the recent downturn is showing slight decreases when compared to November of 1983.

Trades and services employment fell in large part because of a slowdown in tourist related employment. A fall of more than 100 jobs in the hotel and motel sector of services accounted for the bulk of the decline in services employment. The trade employment drop was largely the effect of eating and drinking establishments paring staff that was put on for the summer season.

Southeast Unemployment

Southeast Alaska was plagued by high unemployment for the second month in a row. Unemployment in the three census divisions affected the most by the closure of Louisiana Pacific's pulp mill ranged from 16.4% to 22.8% (see the center insert). Five of the highest six local unemployment areas in the state were located in the Southeastern region in November. This is almost a direct contrast to earlier in 1984 when unemployment in Southeast was amongst the lowest in the state.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
SOUTHEAST ALASKA

	P	R		CHANGES FROM:	
	11/84	10/84	11/83	10/84	11/83
Nonag. Wage & Salary	28050	29150	27600	-1100	450
Construction	1750	2050	2000	-300	-250
Manufacturing	2350	2650	2550	-300	-200
Food & Kindred Prod.	450	600	450	-150	0
Lumber & Paper Prod.	1650	1800	1850	-150	-200
All Other Mfg.	250	250	250	0	0
Trans. Comm. & Utilities	2000	2100	1950	-100	50
Trade	4600	4800	4600	-200	0
Wholesale	450	500	400	-50	50
Retail	4150	4300	4200	-150	-50
Fin.-Insurance & R. Estate	1050	1050	1000	0	50
Mining, Services & Misc.	4400	4600	3950	-200	450
Government	11900	11900	11550	0	350
Federal	2150	2150	2200	0	-50
State	5450	5500	5250	-50	200
Local	4300	4250	4100	50	200

HOURS AND EARNINGS

By Kathleen Thomas

October continued its seasonal decline with all industries experiencing a decrease in average weekly hours except retail trade, which remained unchanged. The only industry with an unseasonally large drop in average weekly hours was the lumber and paper products sector of manufacturing. Average weekly hours in lumber and paper products dropped 14.5% from the October 1983 level. A major pulp mill in the Southeast, though temporarily activated for cleanup, remained closed during this period.

The transportation, communication, and utilities industry has been having a decline in average hourly earnings for a number of months that is unexplainable by seasonal variations. One possible reason is a change in the structure of industry wage rates in the transportation industry. Some of the more recent labor contracts in transportation have featured a two-tiered wage system whereby new entrants into the industry are paid at a lower rate than already established employees. As these new employees enter the work force, overall average hourly earnings will be declining.

The Construction and Mining Industry

With the passage of the Trans-Alaska Pipeline System Authorization Act of 1973 the construction industry experienced a boom. In 1972 annual average weekly hours for construction employees was 40.3 hours. By 1976 average weekly hours reached 60.1, a 49% increase in the work week. Employment experienced similar changes with a 1972 average annual employment of 7,900. As in average weekly hours, employment peaked in 1976 at 30,300. The largest changes occurred between 1974 and 1975 when average weekly hours increased 28.8% and employment increased 96.2% during the same time period. Both average weekly hours and employment began to decline in 1976 and neither has approached the 1976 level of activity since. Even during the 1983 construction boom, construction employment was only 67% of 1976 employment.

Throughout the pipeline period average hourly earnings rose at a fairly rapid rate. Between 1972 and 1977, average hourly earnings increased 82%. At the end of the major portion of pipeline construction activity, average hourly earnings dropped slightly before increasing again, albeit at a slower rate. Between 1977 and 1983 average hourly earnings increased 31.3%, a far cry from the 82% change from 1972 to 1977.

On the other hand, changes in the mining industry, which includes oil and gas, have been more gradual, not subject to the sharp peaks and sudden valleys of the construction industry. After a brief decline in employment from 1972 to 1973, average annual employment in mining jumped 45%.

ALASKA
HOURS AND EARNINGS
FOR
SELECTED INDUSTRIES 1/ 2/

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	p/ 10/84	r/ 9/84	10/83	p/ 10/84	r/ 9/84	10/83	p/ 10/84	r/ 9/84	10/83
Mining	$24.21	$23.64	$23.94	49.8	50.4	50.3	$1205.66	$1191.46	$1204.18
Contract Construction	24.53	24.87	24.98	43.4	45.6	41.5	1064.60	1134.07	1036.67
Manufacturing	15.19	12.13	15.01	31.2	36.5	31.4	475.93	442.75	471.31
Food & Kindred Products	9.31	8.36	8.72	22.8	34.6	21.5	212.27	289.26	187.48
Lumber & Paper Products	17.69	16.89	18.52	34.3	36.0	40.1	606.77	608.04	742.65
Trans. Comm. & Utilities	15.77	15.85	16.37	37.3	38.7	37.1	588.22	613.39	607.33
Trade	10.71	10.82	10.11	34.8	35.3	35.7	372.71	381.95	360.93
Wholesale	12.99	13.58	12.08	38.1	39.6	39.4	494.92	537.77	475.95
Retail	9.79	9.65	9.28	33.7	33.7	34.3	329.92	324.53	318.30
Fin.-Insurance & Real Estate	—	—	—	—	—	—	400.81	388.72	359.56

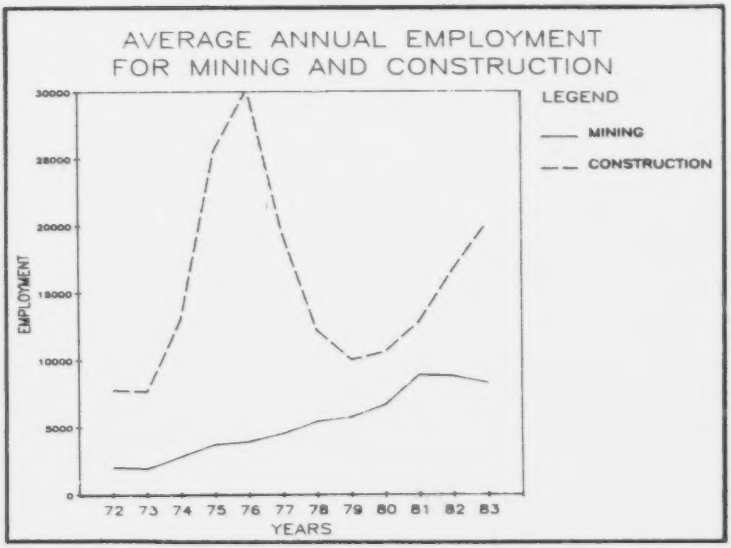
1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

2/ Excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

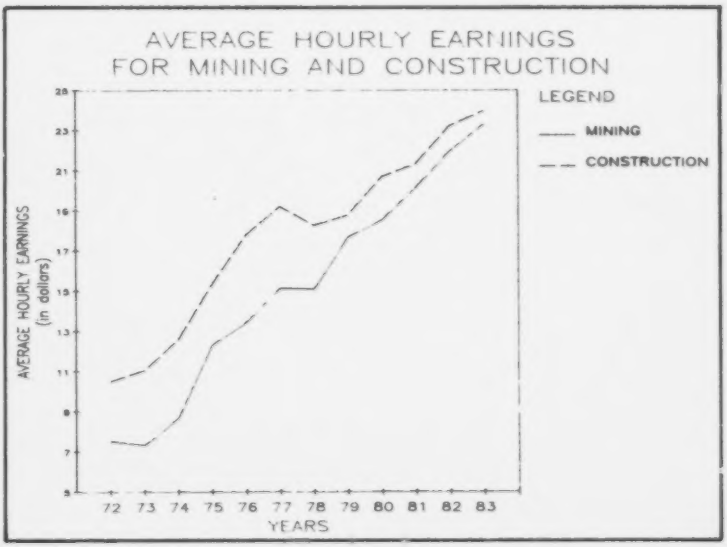
Average Annual Employment in Mining and Construction

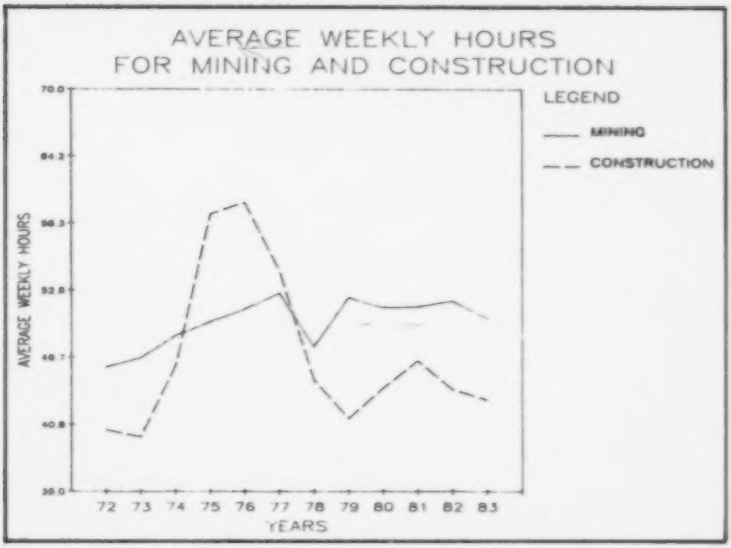
	Mining	Construction
1972	2100	7900
1973	2000	7800
1974	2900	13100
1975	3800	25700
1976	4000	30300
1977	4600	19500
1978	5500	12300
1979	5800	10100
1980	6700	10700
1981	8900	12900
1982	8800	16800
1983	8300	20300



Average Weekly Hours and Average Hourly Earnings for Mining and Construction

	Mining		Construction	
	Avg. Weekly Hours	Avg. Hourly Earnings	Avg. Weekly Hours	Avg. Hourly Earnings
1972	45.8	7.50	40.3	10.48
1973	46.6	7.31	39.7	11.04
1974	48.5	8.69	45.9	12.56
1975	49.7	12.28	59.1	15.32
1976	50.8	13.41	60.1	17.76
1977	52.2	15.09	54.1	19.16
1978	47.5	15.05	44.6	18.23
1979	51.8	17.64	41.3	18.73
1980	50.9	18.49	43.9	20.65
1981	51.0	20.10	46.3	21.28
1982	51.5	21.94	43.8	23.19
1983	50.0	23.27	42.9	23.94





Mining employment continued to increase, though at a slower rate, until 1982 when employment began to decline. Average weekly hours in mining climbed steadily from 1972 through 1977. In 1978 average weekly hours dropped 9% before rising again in 1979. From 1979 through 1983 average weekly hours moderated.

Average hourly earnings displayed the most dramatic changes. During the prime years of oil exploration and development for which data is available, 1972 through 1977, average hourly earnings increased 101.2%. For a similar but later period, 1978 through 1983, average hourly earnings increased 54.6%. Overall, the discovery of oil and its subsequent development have left an indelible impression of Alaska's mining and construction industries.